



# Individualism, economic freedom, and charitable giving

Meina Cai<sup>a</sup>, Gregory W. Caskey<sup>b</sup>, Nick Cowen<sup>c</sup>, Ilia Murtazashvili<sup>d,\*</sup>,  
Jennifer Brick Murtazashvili<sup>d</sup>, Raufhon Salahodjaev<sup>e,f</sup>

<sup>a</sup> University of Connecticut; United States

<sup>b</sup> George Mason University; United States

<sup>c</sup> University of Lincoln; United Kingdom

<sup>d</sup> University of Pittsburgh; United States

<sup>e</sup> Tashkent State University of Economics, Uzbekistan

<sup>f</sup> AKFA University, Uzbekistan

## ARTICLE INFO

### Article history:

Received 11 February 2021

Revised 18 September 2021

Accepted 29 June 2022

### JEL Classification:

B52

D64

D31

L14

### Keywords:

Philanthropy

Culture

Individualism

Institutions

Classical liberalism

## ABSTRACT

We investigate the role of individualistic social rules and norms in charitable giving. Individualism in market societies is often criticized as corrupting morality and discouraging charitable giving. We contest that view. We propose direct and indirect mechanisms through which individualism increases charity. In the direct channel, individualism encourages self-interested giving. In the indirect channel, individualism contributes to charity by reinforcing economic freedom. We use evidence from a large cross-section of countries and several measures of individualism to investigate both channels. Our empirical findings confirm each channel and support the insights of classical liberals, such as Adam Smith and David Hume, and more recent studies in the humanomics tradition, which recovers the argument that individualism has its virtues.

© 2022 The Authors. Published by Elsevier B.V.

This is an open access article under the CC BY-NC-ND license  
(<http://creativecommons.org/licenses/by-nc-nd/4.0/>)

## 1. Introduction

A robust voluntary sector is one of the defining features of market societies (Aligica 2016). A rich literature in economics considers the rationality of altruism (Becker 1998), the extent to which taxation crowds out voluntary contributions (Abrams and Schitz 1978), and how charitable giving varies with the cost of giving (Chuan and Samek 2014), income (Brown et al. 2012), and competition for such rewards as recognition or prizes (Duffy and Kornienko 2010). But a puzzle remains: why do countries differ so profoundly in their levels of (and attitudes toward) charitable giving? According to the Charities Aid Foundation (2019), which publishes the World Giving Index (WGI), “There is no one trait that points to a country’s generosity. Top performing countries represent a wide range of geographies, religions, cultures and levels of wealth – what they all have in common is simply an inspiring willingness to give” (p. 5). In the most recent WGI Index, which measures helping strangers, donating money, and volunteering time, some of countries at the top of the list for charitable

\* Corresponding author.

E-mail address: [ilia.murtazashvili@gmail.com](mailto:ilia.murtazashvili@gmail.com) (I. Murtazashvili).

giving include the United States, Myanmar, New Zealand, Australia, Ireland, Canada, the United Kingdom, the Netherlands, Sri Lanka, and Indonesia. Thus, it might appear that there is no magic bullet to understand charitable giving.

While not a magic bullet, there are good reasons grounded in classical political economy to expect that cultural and social institutions influence the extent of generosity across countries. In this paper, we explore the role of individualistic beliefs and values as an explanation for this variation in charitable giving. We characterize individualistic societies as those that prioritize individual fulfillment, personal responsibility, and relationships with those outside one's in-group (Hofstede et al. 2010; Triandis 1988). As Hofstede et al. (2010, p. 92) defines it, individualistic societies are those "in which the ties between individuals are loose: everyone is expected to look after him- or herself and his or her immediate family." Existing research suggests that individualism is beneficial for increases in the per capita income of nations (Mathers and Williamson 2011; Williamson and Mathers 2011). But critics focus on the perceived costs of individualism, including that individualism may undermine virtuous activities such as charity.

We take up this criticism, arguing that contrary to the critics' view, individualism ought to improve charitable giving. We do so by considering mechanisms first developed in the tradition of classical political economy and recently revived within the subjectivist and interpretivist framework of Austrian economics (Boettke and Storr 2002; Lavoie and Chamlee-Wright 2000). Central to our consideration is the "doux commerce" hypothesis advanced by classical political economists (Hirschman 1982), which posits that self-interested pursuit of gains through trade has broader, usually positive, effects on attitudes and behavior (Matson 2020). Originating in French Enlightenment-era works, especially Montesquieu (1777a, XX.2) and later found in Mandeville (1988 [1714]), Smith (1982 [1759]), and Hume (1994 [1742]), these arguments fell out of favor within mainstream economics for much of the twentieth century as such accounts generally resisted mathematical formalization (Boettke 1997). But reflection on these works has re-emerged alongside growing interest in endogenous preferences (Bowles 1998) and the cultural dimensions of economic activity. Experimental and survey evidence identifying success in trade as a cause of prosocial conduct has accumulated (Smith and Wilson 2019; Storr and Choi 2019).<sup>1</sup> This contemporary research, alongside the work of public choice scholars who appreciate the role of other-regarding preferences by self-interested individuals (Carden et al. 2021), calls for deeper consideration of the ways in which charity relates to social rules that prioritize individual over collective means of achieving the common good.

We posit direct and indirect channels that link individualism to charity. The direct channel is individualism's influence on preferences and norms that promote self-interested giving, which Andreoni (1990) calls warm-glow giving. We expect that social rules that encourage motivations that are not purely altruistic increase the overall amount of donations (of money, time, and so forth). Individualism also might operate through the indirect channel of encouraging exchange with strangers, thus expanding what classical liberal economists referred to as the circle of sympathy. This channel recognizes markets as moral spaces that socialize people to treat others, including strangers, with dignity and respect (Smith and Wilson 2019; Storr and Choi 2019). Individualism may also operate on charity through its relationship with economic freedom. Individualism is associated with a host of positive economic outcomes, including productivity (Gorodnichenko and Roland 2017) and entrepreneurship (Bennett and Nikolaev 2020). Previous research has also found that individualism is associated with economic freedom (Nikolaev and Salahodjaev 2017) and that economic freedom is robustly associated with the wealth of nations (Berggren 2003). We suggest economic freedom is also a means of predicting the effects of individualism on charitable outcomes, and we expect both individualism and economic freedom to increase charitable giving.

Theorizing a link from individualism to charity requires us to consider the possible advantages of collectivism, such as the possibility that collectivist societies increase giving by increasing reciprocity and trust. We argue that individualistic societies are not clearly disadvantaged as far as reciprocity is concerned compared to collectivist ones. Further, individualistic societies are more likely to encourage trust, especially among strangers, than collectivist ones. The latter is especially significant insofar as a large component of charity involves giving to strangers. This leads us to hypothesize that the in-group orientation of collectivist societies constrains charitable giving compared to individualistic societies. And giving derived from in-group orientation is not precluded by individualism (see, by way of comparison, Pan and Houser 2019). Munger (2015) and Ealy (2014), invoking Polanyi ([1946] 2013), argue that the core of charitable giving is allowing individuals to form their own associations, leveraging their knowledge, connections, and talents. Thus, while collectivist social norms encourage certain types of prosocial behavior through their effect on in-group solidarity, such as voluntary contributions to local public goods (Tsai 2007), including community projects enabled by norms favoring contributions of in-kind labor (Murtazashvili 2016), we expect individualistic social rules to increase charity overall.

To test our hypotheses, we use evidence from a large cross-section of countries and several measures of individualism, including Hofstede's (2001) individualism-collectivism index, the index of survival versus self-expression from the World Values Survey (WVS) (Inglehart and Oyserman 2004), and measures of generalized tolerance. Each represents a quantitative measure of culture, or what David Hume referred to as national character (Sent and Kroese 2020). Our empirical results show that individualism is indeed associated with charitable giving, as is economic freedom. The results support the argument of classical liberals that commercial society and the social and cultural institutions that support it are sources of the common good.

<sup>1</sup> Alongside the renaissance of classical liberal insights into social rules, scholars have also recently renewed interest in the constitutional theories of Smith (Weingast 2017) and Hume (Rizzo 2020).

Our results address valid concerns raised by critics of individualism and, more generally, of capitalism, including Bromley (2019), who argues that capitalism is confronting a crisis deriving from its adherence to a crass version of John Locke's possessive individualism akin to pure selfishness; Piketty (2014), who advances a wealth-tax proposal to address increasing inequities resulting from capitalism; and Catholic philosophers such as Deneen (2018), who believe that individualism is generally incompatible with sociability and moral living. In addition, conservative schools of thought, including the German ordoliberal tradition and the Freiburg school, question the strong connection between individualism and harmonious order. Ordoliberals believe instead that individualism undermines the coherence of society and call upon governments to instill the values of self-discipline, justice, honesty, and public-spiritedness (Vanberg 2004).

Our finding that individualistic societies are more generous provides at least a partial response to these criticisms. It also harkens back to F.A. Hayek's fascination with the "true individualism" of Smith, Hume, and Adam Ferguson (Kolev 2010) and connects to more recent work in the classical liberal tradition that find a relationship between individualistic values, liberalism, and prosperity (McCloskey 2019; McCloskey and Carden 2020). Likewise, charitable giving is itself a spontaneous order, which, as Boettke and Coyne (2005) define it, is order resulting from deliberate action without an overall plan. No planner could have anticipated how much giving occurs in grocery stores, on Facebook, or through GoFundMe campaigns.

## 2. The puzzle of charity

Why do people donate their time and resources to strangers absent the expectation of reciprocation? Observations of altruism and speculation about its wider social effects are found in the classical political economy tradition. Montesquieu (1777b, I.i) suggests that without a natural inclination to share in one another's pleasure, humans would be too fearful to associate sufficiently to form permanent communities. Natural sympathy is also a core premise of Smith's (1982 [1759]) thought: "How selfish soever man be supposed, there are evidently some principles in his nature which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it" (I.i.1).

Becker (1974) formalized these observations by including the welfare of others in individual utility functions, suggesting that charitable giving was a normal good that would rise in line with ability to pay. Roberts (1984) and Abrams and Schitz (1978) validate Becker's theory by showing that public transfers crowd out private giving and that increasing government relief payments reduced private giving to aid the poor. But this account has its limitations. It is effective at explaining the activity of wealthy philanthropists who are capable of making a substantial difference to causes they care about (Danielsen 1975) but it struggles to explain purely altruistic giving by the less wealthy to large causes, at least not without assuming a high degree of spontaneous coordination between donors (Sugden 1982).

Andreoni (1989, 1990) addresses this gap with the theory of warm-glow giving that posits utility-maximizing individuals feel better about themselves for giving to others. This 'impure altruism' predicts that public transfers to the needy will not perfectly crowd out private charity since people will continue to seek the warm glow associated with personal giving. On the other hand, it also explains why people sometimes avoid social situations where giving would be expected to avoid undermining their self-perception as generous people. The weakness of warm-glow giving account is that it is *ad hoc* (Andreoni 2006). It raises the question: why should the pursuit of the warm glow be directed towards charity specifically? Additional motivations for charitable giving include insurance against the vagaries of both markets and government provision of services (Becker 1974), solidarity among givers and those receiving gifts (Gupta et al. 1997), and public recognition of one's generosity (Duffy and Kornienko 2010).

What explains the variation in charitable giving? A popular belief is that there is a trade-off between self-interest and generosity, with the implication that institutions associated with self-interest, such as free markets, will reduce charitable giving (at least once controlling for ability to pay). Yet existing evidence suggests that economic liberty is associated with more giving rather than less (Mcquillan and Park 2017). Relatedly, the public choice literature finds that many public goods are provided privately, including lightships (Candela and Geloso 2018), roads (Klein 1992), enforcement activities (Leeson and Rogers 2012), and crisis responses (Boettke et al. 2007; Skarbek 2016). These findings are not limited to local collective action or to small groups, as the economic theory of clubs predicts (Leeson 2011). Millions of people a year contribute to providers of public goods, including the Red Cross and National Public Radio (Andreoni 1995). This surprisingly prosocial behavior has important parallels to philanthropic activities.

What these social behaviors have in common is a motivation that resists inclusion within the utility functions of agents conceived as isolated choosers (Buchanan and Vanberg 1991; Ostrom 1993). Rather, people's voluntary contributions seem to arise from ethical motivations based on a shared understanding of the meaning and importance of generosity in society. Culture, a paradigmatically shared phenomenon that facilitates economic coordination beyond the mechanisms of price and cost, is a promising factor for explaining the source of these motivations. Lavoie, Chamlee-Wright, John and Storr are key proponents of the inclusion of culture in economic research (Lavoie and Chamlee-Wright 2000; Storr and John 2020). They identify a shared appreciation of the subjective character of economic phenomena found in Austrian economics and contemporary sociology, as well as a common intellectual heritage in Weber's (2001) union of economic and sociological analysis that draws on the Austrian tradition (Boettke et al. 2013; Boettke and Storr 2002). In explaining the importance of culture as a frame, Storr (2013) refines the Weberian notion of "spirit," essentially a collective narrative that facilitates the coordination of economic activity by establishing a set of shared meanings and purposes. This feature of culture cannot be conceptualized as a simple change in preferences but rather as part of the constitution of people's identity and shared values that are

specific to time and place (Storr 2004). An outstanding example of such spirit in action is the unforeseen community-led commercial recovery of New Orleans after the devastating hurricane Katrina (Chamlee-Wright and Storr 2009). As Chamlee-Wright and Storr (2011) point out, collective narratives allow levels of coordination and contribution to economic revival that would be impossible according to isolated, asocial economic calculation.

### 3. Reconciling thick and thin perspectives on culture

Departing from narrow *homo economicus* assumptions in this way presents a challenge in explaining variations in broad social outcomes. It means there are more moving parts to consider and fewer elements of any model to take as given. For example, generosity can be influenced along at least three dimensions: preferences, cultural norms, and institutions. To add further complexity, these dimensions can influence each other: cultural norms may influence the expression of preferences (Kimbrough and Vostroknutov 2016). People may have preferences about processes that ultimately generate institutions (Dold and Khadjavi 2017). And cultural norms and institutions may influence preferences (Bowles 1998; Poulsen and Svendsen 2005). Further complications arise because formal and informal institutions may have direct and indirect effects on outcomes of interest (Berggren and Bjørnskov 2020; Rode 2013). This literature identifies culture as a relatively unexplored variable while noting that valid instruments to make plausible causal inferences are often hard to identify.

Culture also presents some methodological tensions. As Storr and John (2020) explain, there are two general views of culture in economics: culture as a constraint on individual behavior (Belloc and Bowles 2013; Coyne and Williamson 2012) and culture as an interpretive lens through which people interpret the world (Chamlee-Wright and Storr 2011; Grube and Storr 2015; Storr 2013). Considering the first view, culture has traditionally been neglected in economic research in favor of a focus on institutions (Storr 2013). Economists have recently started exploring culture as an explanation of economic phenomena (Alston et al. 2018, p. 278; Williamson 2009; Williamson and Kerekes 2011) but their existing frameworks, particularly in the neoclassical tradition, lend themselves to a relatively “thin” conception of culture, namely as a constraint, cost or interest that can be included in an individual utility function, with social outcomes that can be measured using revealed preferences in observed economic behavior and summary statistics (Guiso et al. 2006). The economics literature focuses on the consequences of individualistic social rules and finds that individualism is associated with economic outcomes such as wealth creation (Williamson and Mathers 2011), entrepreneurship (Bennett and Nikolaev 2020), reductions in income inequality (Nikolaev et al. 2017) and gender inequality (Davis and Williamson 2019), and ecological sustainability (Cai et al. 2020).

Considering the second view, culture has been a much more central concept in other social sciences, especially anthropology and sociology, which are more comfortable with thick descriptive accounts of human behavior. “Thick” here means an appreciation of the context and specificity of social acts where complete understanding often requires narratives that help evoke the relevant emotions and attitudes driving actors. Rather than representing local rules that might, in principle at least, be codifiable and representable as constraints and incentives on behavior, people immersed in a cultural frame possess a set of dispositions and narratives with which to interpret the situations they encounter and act based on what they take to be the shared meanings underlying their interactions. The intersubjective and ephemeral character of these narrative interactions means that to understand the field of action often requires on-the-ground experience (Geertz 1973). These shared meanings resist abstraction and generalization, as they are prompted in unpredictable ways based on the context of choice. The same action in one context can mean something very different when repeated, or imitated, in different contexts and thus prompt different responses. As Storr (2013) argues, cultural frames are not separate from formal institutions like markets; rather widespread adherence to the practices of market exchange constitute what we latterly take to be the formal institution. Thus, whether discussed explicitly or not, culture plays a fundamental role in determining the extent and character of economic activity.

The challenge of conceptualizing culture in theory has practical implications for its measurement and analysis. Formal rules, although often presenting complexities of their own, can be represented as discrete variables that can be included in models and datasets. For example, legal jurisdictions governing property rights and contracts are typically established with clear boundaries. Variations in state policy, such as tax rates and minimum wage laws, similarly will apply to specific jurisdictions. This makes it relatively easy to establish the units, and their scale, that are appropriate for analysis. By contrast, variations in culture do not have singular boundaries. Cultural variation is present between households, neighborhoods, communities, and regions both within and beyond state borders. Indeed, multiple cultures may reside in the same individual because people view the world through multiple lenses (Storr 2004; Choi and Storr 2019a).

Triandis (1988) explains that in individualist cultures, behavior is determined largely by personal goals and the attitudes and values of families and coworkers, while behavior in collectivist cultures is largely determined by the goals, attitudes, and values shared by a specific group of persons (the collectivity). As Franke et al. (1991, 166) understand it, “Individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family . . . [while collectivism] pertains to societies in which people from birth onwards are integrated into strong, cohesive in-groups.” Importantly, individualism does not mean society consists of self-contained, atomistic individuals (Hayek 1948, 23). Rather, individualistic societies have ties among individuals that extend beyond a specific in-group, with the ties beyond the in-group encouraged through market exchange. Gorodnichenko and Roland (2011) describe individualism as a measure of the extent to which individuals take care of themselves as opposed to being strongly integrated in cohesive groups. Individualist societies value individual freedom, opportunity, advancement, and recognition. Collectivist

societies value harmony, cooperation, and relations with superiors. That is, individualism is a measure of personal freedom versus conformity.

Specific features of individualism include the view that everyone takes care of herself and her immediate family, an “I” consciousness, privacy rights, speaking one’s mind, treatment of others as individuals, and use of languages in which the word “I” is essential. Collectivist societies view people as born into extended families or clans that protect them in exchange for loyalty, have a “We” consciousness, believe in belonging and harmony, classify people into in- and out-groups, and use languages that avoid the word “I” (Hofstede 2011).

In our empirical analysis, we adopt a relatively “thin” conception of culture but use mechanisms drawn from “thick” perspectives to offer potential explanations for our results. Our justification for this approach is that it allows us to compare some plausibly exogenous cultural variation across the world with the advantage that we can include most of humanity, albeit from a relatively remote standpoint, in the analysis. Storr (2014, p. 497) warns economists about over-reliance on datasets such as the World Value Survey that rely on short, formulaic answers to assess cultural values. So, we must caveat our analysis as follows. First, our use of survey data is not intended to imply that culture is adequately represented by responses to brief surveys that place cultural variation along given dimensions. Instead, our expectation is that survey answers are indicative of some relevant points of emphasis in the way that culture is expressed in different countries. Relatedly, our focus on observable differences in cultures between countries does not imply that national differences are the most important or enduring features of cultural expression. Rather, the analysis of country differences is useful because comparable measures of charitable giving are often provided at the country-level as well as other relevant social factors.

Since survey measures of individualism may suffer from reverse causation with charitable giving (for example, experience with charity may influence attitudes about the role of individuals), we deploy two instruments, pathogen stress and pronoun drop, for individualistic culture. First, levels of pathogen stress—the extent to which disease-causing pathogens are prevalent in a society—are linked to the development of cultural attitudes concerning in- and out-groups (Fincher et al. 2008). Societies with high pathogen stress are more likely to develop prejudices against out-groups, as individuals are more likely to exhibit, among other traits, lower levels of dispositional openness to new things, higher likelihood of conforming to majority opinion, and strong emphasis upon group loyalty (Murray et al. 2013; Wu and Chang 2012). As an instrument, pathogen stress has been used to demonstrate how individualism contributes to economic freedom (Nikolaev et al. 2017) and entrepreneurship (Bennett and Nikolaev 2020). Though it remains possible that pathogen stress causes both individualism and economic freedom (which we discuss below), this enables us to more credibly identify the relationship between culture and charitable giving.

Our second instrument, pronoun drop, provides information on the extent to which cultures are individualistic or collectivistic. Rules regarding use of personal pronouns are stable features of languages, and since personal pronouns are highly associated with individualistic cultures, languages that drop pronouns are associated with collectivist cultures (Tabellini 2008). Given these features, pronoun drop has been used as an instrument for individualistic cultures (Alesina and Giuliano 2015; Feldmann 2019). Our usage of these instruments are not taken to imply that culture overall is a pre-determined and enduring result of history. Rather, we use such historical variation in the places where culture developed, as these differences permit us to plausibly isolate the cultural effects that we are primarily interested in.

## 4. Individualism and charitable giving

### 4.1. Direct channel: tolerance for self-interested motives

The direct channel through which individualism influences charity centers on how individualism influences norms and preferences that affect giving, which is a cultural effect and not simply an indirect market or income effect. Social giving has a partially self-interested motivation (Andreoni 1990). Our theory is that individualism will increase charitable giving by relaxing social constraints against self-interested giving. Individualistic norms increase the psychic benefits one receives from contributing to the collective good and from the public approbation that results. Such norms mean that givers gain satisfaction not merely from increasing the total supply of some privately funded public good, but also from the act of giving itself (Andreoni 1990, 473). Absent a social expectation for people to engage in charitable activity, individuals who choose to give anyway are free to enjoy the virtuous feeling that comes alongside their benevolence.

Liberal political economy provides an additional justification for these direct effects of individualism on charity. Hayek (1982, 52) expresses similar sentiments in observing that “the freedom to pursue [one’s] own aims is . . . at least as important for the complete altruist as for the most selfish.” Likewise, Mandeville (1988 [1714]) views charity as “that Virtue by which part of that sincere Love we have for our selves is transferr’d pure and unmix’d to others,” a virtue that can often be “counterfeited” by other passions (253–54) such as pity (for those less fortunate than ourselves) and pride and vanity (which “have built more Hospitals than all the Virtues together” [261]). Accordingly, Mandeville argues that John Radcliffe’s (1650–1714) decision to make a generous posthumous bequest to the University of Oxford reflected his prideful desire for immortality and led him to neglect his immediate relations. Mandeville’s conception of selfish giving aimed at achieving fame is reflected in the idea of giving out of the desire for public recognition or personal commitment to a cause, which we distinguish from giving out of relational obligation.

Cultural acceptance of doing good for others for purely selfish reasons is significant because when people act out of self-interest, they may feel guilty about it. Indeed, there is often a stigma attached to doing things that benefit ourselves

even though such behavior might contribute to the collective good (Brennan and Jaworski 2015). Providing people with an incentive, such as a gift or a prize, can make them feel better about giving to others (Berman and Small 2012). Relatedly, individualistic cultures may encourage use of incentives to raise funds. Though charities may offer positive incentives to increase giving (prizes associated with selfish giving), donors may perceive that prizes crowd out sincere expression (Barasch et al. 2016). By making incentive-based giving more socially acceptable, individualistic societies increase giving.

In addition, there are some ways through which individualistic societies may channel self-expression towards charitable giving and away from other forms of generosity. Storr (2015, p. 63), drawing on Weber (2001), notes that the spirit animating the modern capitalism of Western Europe and North America is partly a “worldly asceticism” that valorizes the accumulation of wealth and pursuit of legitimate profit for its own sake but frowns upon indulgence in the material consumption and leisure that such wealth permits. Moreover, an emphasis on the virtues of prudence, sobriety and honesty could discourage the well-off from supporting indigent relatives as might be natural within other cultural milieus. Instead, this spirit encourages people to focus on maintaining the purity of their individual conscience. Within such a cultural frame, giving generously to good causes is the most socially approved way of demonstrating the capacity to accumulate wealth. Although this account may appear specific to the emergence of capitalism in Western Europe and North America (Weber considered these norms to be bound up with the emergence of Protestantism) it is plausible that cultural frameworks with shared features could emerge in other circumstances.

#### 4.2. Indirect channel: expanded circle of sympathy

Individualism may also contribute to charity indirectly through its effect on market activity. A key claim of classical political economy, as influenced by Adam Smith, is that “commerce *itself* played a *civilizing* role in society” (Boettke and Smith 2014, 40). Though people are naturally partial to their own interests, they possess a strong inclination to sympathize with those around them. We derive pleasure from others’ approval, as “man naturally desires, not only to be loved, but to be lovely” (Smith 1982, III.2.1). For Smith, the general desire to conduct ourselves in a way that would attract approval if our conduct were observed is what it means in practice to be morally motivated.

The strength and scope of this prosocial attitude depends on socialization and the context in which people act, including family upbringing, schooling, and commercial life. Greater practical familiarity with peaceable association with strangers is likely to make us more sympathetic to their interests (Forman-Barzilai 2010; Paganelli 2017). Commerce is pertinent for socialization of this kind, as it makes people dependent on one another throughout their daily activities (Smith 1982, III.3.5).

Even if we assume that individuals engage in trade to make themselves better off, a spillover benefit of commercial life within individualist cultures is that people are likely more comfortable associating with those who start off as strangers rather than associating exclusively within close-knit communities (Smith 1982, VI.2.1). The market process has properties that not only tap into our capacity for “mutual sympathetic fellow feeling,” but also promote individuals’ maturation by aligning their conduct with the “moral rules, just rules, that govern our conduct in impersonal markets” (Smith and Wilson 2019, 5–8). Insofar as market systems rely upon peaceful, voluntary exchange (most often between strangers), commercial interactions create an ethic of treating strangers with dignity and respect (Cowen 2021; Hirschman 2013; McCloskey 2010).

Relatedly, Choi and Storr (2019b) and Carden, Caskey, and Marshall (2020) argue that individuals in market societies tend to be more altruistic, less likely to be materialistic and corrupt, and more likely to be trusting and trustworthy. Storr and Choi (2019, 166) note that while individuals (on average) in market and nonmarket societies self-reported having helped a stranger at roughly the same frequency, individuals in market societies donated more money than those in nonmarket societies. In addition, in the tradition of Hayek (1982, 121) and Smith ([1776] 1981), a key feature of social interactions is that treating strangers with respect encourages prosocial behavior, including altruism. Markets may also provide more opportunities for individuals to meet people who share similar commitments and to establish specialized institutions aimed at pursuing a specific charitable cause (Hayek 1982, 54). This parallels evidence from Choi and Storr (2020, 2021) that suggests that the personal interactions people engage in as part of market participation help to increase the individuals they can trust.

Though the benefits of economic freedom are numerous, it has costs as well. Berggren and Nilsson (2020) find that economic freedom is associated with antisemitism while the rule of law, by reducing vulnerability, reduces antisemitism. Even so, our expectation is that both individualism and economic freedom expand the circle of sympathy and in doing so increase charitable giving, while noting that the rule of law is likely necessary to address biases that result in part from economic freedom.

#### 4.3. Countervailing mechanisms

Collectivist cultures have advantages as well, such as coordinating people in pursuit of common goals (Gorodnichenko and Roland 2017). There are at least two margins along which one might expect collectivism to encourage charitable contributions: reciprocity and trust. But, for each, there is not a clear advantage for collectivism over individualism.

The literature on relational contracting, with its emphasis on how tightly knit groups compel socially beneficial behavior (Landa 1981), suggests that collectivism could encourage prosocial behaviors. However, Bruni and Sugden (2000) explain that reciprocity can be thought of as a feature of either individuals or communities. For example, in models of reciprocal

altruism, it is individuals, not communities, who take on the costs of achieving the collective good (Fehr and Gächter 2002). Experimental evidence suggests that those engaging in altruistic punishment of norm violations derive satisfaction from it (Crockett et al. 2010).

Trust, which refers to an expectation about individuals and institutions (Braithwaite and Levi 2003), is associated with contributions to collective action, including charity (Chamlee-Wright and Storr 2011). But there is no clear theoretical advantage for collectivist societies in generating trust. The WVS self-expression index, which Inglehart and Baker (2000) relate to individualism, includes an individual’s trust in those outside one’s in-group (that is, strangers) as one of its components; collectivist social rules, in contrast, value trust placed on one’s in-group. Inglehart and Baker’s argument is supported by the literature on social capital, which can be divided into bonding and bridging capital (Putnam 1993). While collectivists have an advantage at bonding, individualists may have an advantage at bridging; and bridging is likely to increase charitable giving because of reciprocity, as explained above. Meadowcroft and Pennington (2008) and Pennington (2011) find that markets generate bridging social capital through the process of exchange, while bonding capital, associated with collectivism, undermines it. In addition, Berggren and Jordahl (2006) find that trust is associated with economic freedom. It is reasonable to consider the lower levels of economic growth in collectivist societies as, in part, a byproduct of such societies’ in-group orientation and distrust of outsiders (Putnam et al. 1994). Thus, while collectivist societies may have higher in-group trust, this trust may undermine altruism and an orientation toward treating strangers with dignity and fairness (see, by way of comparison, Akbari et al. 2019).

### 5. Data and empirical strategy

Our dependent variable is philanthropy, measured by the Charities Aid Foundation’s WGI. Ranking over a hundred countries from 2009 to 2019, the WGI is measured along three dimensions of philanthropic behavior: helping strangers, donating money to charity, and volunteering time. The WGI ranges from 0.16 in China and Greece to 0.58 in the United States, with higher scores indicating more philanthropic behavior.

We consider three measures of individualism. One oft-used measure is Hofstede’s (2001) individualism-collectivism dimension of culture. In Hofstede’s (2011) conceptualization, the individualist-collectivist spectrum reflects the degree to which people are integrated into groups. Individualistic societies exhibit loose ties between individuals, and everyone is expected to look after herself and her immediate family, while people in collectivist societies are integrated into strong, cohesive in-groups and often extended families. In collectivist societies, individuals protect their in-group and oppose other in-groups. The individualism-collectivism index measures the extent to which society accepts and reinforces individualistic versus collectivist values, ranging from 0 (most collectivistic) to 100 (most individualistic). Fig. 1 presents a scatter plot of individualism and the WGI, rescaled to 100.

The index of survival versus self-expression from the WVS is another commonly used measure of individualism (Inglehart and Welzel 2005). Survival values include an emphasis on economic and physical security, which are linked with an ethnocentric outlook and low levels of trust and tolerance. Self-expression gives high priority to environmental protection, tolerance of foreigners, gender equality, and demands for more participation in decision making in economic and political life. The index is constructed from a set of WVS questions, including whether respondents give priority to self-expression and quality of life over economic and physical security, whether respondents describe themselves as very happy, and whether respondents think one has to be very careful about trusting people. Inglehart and Oyserman (2004) demonstrate that the individualism-collectivism measure taps into the same cross-cultural variation as survival versus self-expression,

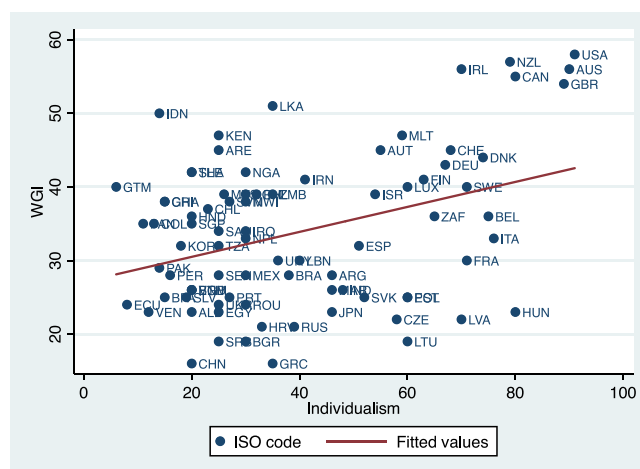


Fig. 1. Scatter plot of individualism and WGI.

each measuring the extent to which people give priority to individual choice over survival needs. The index ranges from –2.5 (most survival oriented) to 2.5 (most self-expression oriented).

We also consider tolerance as an alternative measure of individualism. Tolerance is an important component of the WVS's dimension of survival versus self-expression. It is considered especially important in commercial societies, in part because of its relationship to economic freedom (Berggren and Nilsson 2013). Tolerance is measured as the fraction of the population that mentions tolerance as an important quality of children; it ranges from 0.36 in Ethiopia to 0.88 in Andorra in our sample.

We include a set of additional variables that, based on existing studies, we hypothesize affect charitable giving. First, we control for income because previous studies show that charitable giving and prosocial behavior are correlated with national income (Becker 1974; Kyriacou 2016; Acs and Phillips 2002). Becker's theory, discussed above, provides a justification for treating charity as a consumption good. The data for GDP per capita are taken from the World Bank.

Second, we take economic freedom into account. Economic freedom is associated with wealth (Nyström 2008), entrepreneurship (Bjørnskov and Foss 2008), and happiness (Bennett and Nikolaev 2017; Frey and Stutzer 2010). We expect economic freedom to have direct effects on entrepreneurship and an indirect effect on it through affecting individuals' resources and characteristics, including strengthening self-efficacy and alertness (Boudreaux et al. 2019). Based on our discussion of indirect effects earlier, we hypothesize that economic freedom, by extending the circle of sympathy and increasing opportunities for giving, increases philanthropy. Further justification for this hypothesis is provided by Teague, Storr, and Fike's (2020) finding that economically free societies are less materialistic. The economic-freedom variable is from the Fraser Institute's Economic Freedom of the World (EFW) Index (Gwartney et al. 2020a). The index ranks over 160 countries in five areas: size of government; legal structure and security of property rights; access to sound money; freedom to trade internationally; and regulation of credit, labor, and business. Because these do not function independent of one another in contributing to institutional quality and economic freedom, we follow the literature in utilizing the overall EFW scores, which include all five components, in our analysis (Gwartney et al. 2020b, 7).

Third, we consider the influence of democracy on charitable giving. Democracy is measured using the Polity IV database. According to Reich (2018), decentralization of power in liberal democracies ought to encourage charitable giving, and a feature of liberal democracies is generous tax breaks for philanthropy. Relatedly, Acs (2013) contends that atomism is a challenge in democracy and that philanthropy is the glue that holds democracy together.<sup>2</sup> Each perspective suggests democracy is associated with charitable giving.

Fourth, we consider inequality, measured by the Gini index. The findings on inequality's influence on charitable giving are mixed. Using experimental evidence, Anderson, Mellor, and Milyo (2008) show that inequality reduces charitable giving. In contrast, Payne and Smith (2015) point out that when redistribution goes from non-donors to donors, reductions in income inequality could increase philanthropy.

Fifth, we control for crime rates. Chamlin and Cochran (1997) find that contributions to United Way, a behavioral approximation for the value of charity, are associated with lower crime rates. This suggests charitable contributions may also be associated with lower crime rates, as the WGI includes them in its measure for charity. It is not clear from existing research whether charity causes lower crime or vice versa.

Finally, we consider a set of additional control variables: globalization, human capital, corruption, and government size. We include these separately because some are closely related to or are components of the other measures. For example, trade and size of government are components of the Economic Freedom of the World Index and also part of the globalization index. The reason to expect globalization to influence charity is because globalization is associated with cosmopolitanism, tolerance, and reliance on markets (Berggren and Nilsson 2015; Gygli et al. 2019). We expect it to influence charitable giving by expanding the circle of sympathy, for similar reasons as discussed above.<sup>3</sup> The globalization variable is from the KOF Index of Globalization, which includes measures of economic (trade and investment flows), social (spread of ideas, information, and people), and political globalization (participation in international political organizations). Human capital, measured by education level, is associated with philanthropy (Bekkers and Wiepking 2011), though some studies conceive of philanthropy as an investment in human capital (Day and Devlin 1998). Government size, a measure of general government final consumption expenditure, is included because increases in government spending crowd out private giving, though, as Acs and Dana (2001) argue, the mere presence of larger welfare states does not eliminate charitable giving. Regional fixed effects are also included to capture unobserved region-specific time-invariant differences across countries such as geography or climate. The descriptive statistics are reported in Table 1.

We estimate the impact of individualistic culture on charitable giving using an OLS model specified as follows:

$$Philanthropy_i = \alpha_0 + \beta Individualism_i + X_i\gamma + \varepsilon_i \quad (1)$$

Here  $i$  indexes individual countries, *Philanthropy* is our dependent variable, *Individualism* is our key explanatory variable, and  $X$  is a vector of control variables.  $\beta$  and  $\gamma$  are the coefficients associated with *Individualism* and the vector of control variables, respectively, and  $\varepsilon$  is the error term.

<sup>2</sup> Frank Knight (1946) makes a similar point in arguing that the individualism of democracy requires ethics in order to constrain behavior of politicians, thus foreshadowing recent concern about democratic norms as a redoubt against democratic backsliding (Trantidis and Cowen 2019).

<sup>3</sup> It is also possible that globalization could generate other processes that undermine charity, such as increasing inequality (Bergh and Nilsson 2010).



**Table 1**  
Descriptive statistics.

Variable	Description	Mean	Std. Dev	Min	Max
WGI	World Giving Index, 2010–19 Source: Charities Aid Foundation	32.508	10.056	16	58
Individualism	Individualism/Collectivism Index, 2010 Source: Hofstede and Minkov (2010)	39.170	22.075	6	91
Survival	Survival/self-expression index, 1981–2014 Source: World Values Survey	-0.102	0.541	-0.910	1.405
Tolerance	Proportion of population that mentions “tolerance” as important child quality, 1981–2014 Source: World Values Survey	0.673	0.112	0.361	0.881
GDP	GDP per capita at purchasing power parity, logged, 1990–2018. Source: World Bank	9.147	1.138	6.717	11.481
Freedom	Economic Freedom of the World index, 1990–2018 Source: Fraser Institute	6.688	0.924	4.183	8.852
GINI	Gini index, 1990–2018 Source: World Bank	39.525	8.085	25.041	61.714
Democracy	Democracy index, 2000–2018 Source: Polity IV project	3.221	6.062	-10	10
Crime	Crime rate, 1990–2018 Source: World Bank	7.625	9.789	0.212	75.325
Globalization	KOF index of globalization, 1990–2017 Source: Gygli et al. (2019)	554.296	14.462	25.571	87.607
Education	Education index, 1990–2018 Source: UN	0.575	0.174	0.148	0.897
Corruption	Corruption perceptions index, 1995–2018 Source: Transparency International	40.977	20.009	10.615	93.787
Government size	General government final consumption spending as % of GDP, 1990–2018 Source: World Bank	16.781	8.328	4.246	89.159
Democracy (alt)	Electoral democracy index (EDI), 1990–2018 Source: Varieties of Democracy (V-Dem)	0.506	0.256	0.017	0.912
Internet	Individuals using the Internet (% of population), 1991–2018 Source: World Bank	22.018	17.158	0	86.668
GDP growth	GDP growth (annual %), 1990–2018 Source: World Bank	3.514	2.151	-4.925	18.182

## 6. Empirical results

### 6.1. Baseline results

Table 2 reports results using OLS with heteroskedasticity-adjusted standard errors. Columns 1–3 report the results in which individualism is measured by the individualism-collectivism index, the index of survival versus self-expression, and tolerance, respectively. The coefficients for all three measures of individualism are positive and significant which suggests the results do not depend on the choice of measure. The effects are also sizable. For example, a one-standard-deviation increase in a country's individualism-collectivism index is associated with less than a half-standard-deviation increase in its philanthropy score. Economic freedom is also statistically significant and goes in the expected direction. The results show inequality increases charity, which suggests charity responds to society-wide needs, while there is no statistically significant relationship between charity and GDP per capita, democracy, or crime, contrary to expectations, though by including measures of individualism and economic freedom, our analysis includes several factors that are associated with wealth.

Table 3 assesses the link between individualism and philanthropy using alternative control variables including corruption, government size, globalization, human capital, and regional controls. All three measures of individualism remain positively associated with charitable giving. Regional controls are important to consider because geography could pick up unexplained variation in the model. The results show that European and South American countries are less likely to be associated with charitable behavior than are North American countries—the reference group in our regressions. Since our analysis controls both for social rules encouraging individualism and for a host of formal rules, as suggested by the literature, these effects should be picking up the effects of geography and other unobservable aspects that may influence charitable giving.<sup>4</sup>

Given that the WGI comprises three dimensions (helping strangers, donating money, and volunteering time), we assess the relationship between individualism and each dimension of the WGI and report the results in Table 4. Individualism using the measures of survival/self-expression and tolerance is significantly related to all dimensions of generosity. When using the individualism-collectivism measure, it is positive and significant only for helping strangers.

<sup>4</sup> Although there are good reasons to consider how geography influences prosperity, such as through the link between climate, tropical disease, and wealth (Acemoglu et al. 2001), we are unaware of any theoretical reason to expect a region's geography to influence charity.

**Table 2**  
Determinants of charitable giving: Main results.

	(1)	(2)	(3)
Individualism (Measure 1)	0.137** [2.05]		
Survival (Measure 2)		13.652*** [5.05]	
Tolerance (Measure 3)			32.949*** [3.21]
GDP per capita	-1.493 [1.11]	-1.926 [1.33]	0.478 [0.30]
Freedom	7.031*** [3.66]	0.584 [0.27]	4.205** [2.26]
Democracy	-0.578 [1.66]	-0.229 [0.84]	-0.136 [0.60]
GINI	0.344*** [2.78]	0.104 [0.69]	0.284** [2.25]
Crime	-0.111* [1.69]	0.018 [0.17]	-0.075 [1.30]
Constant	-15.637 [1.06]	44.311* [1.89]	-33.905* [1.84]
R <sup>2</sup>	0.25	0.33	0.28
N	75	78	75

t-statistics in brackets.

\* p&lt;0.1; \*\* p&lt;0.05; \*\*\* p&lt;0.01.

**Table 3**  
Determinants of charitable giving: Alternative controls.

	(1)	(2)	(3)
Individualism (measure 1)	0.148** [2.46]		
Survival (measure 2)		9.042*** [3.29]	
Tolerance (measure 3)			30.633*** [3.59]
GDP per capita	0.759 [0.39]	0.039 [0.01]	-0.064 [0.02]
Corruption	0.256*** [3.07]	0.142 [1.46]	0.125 [1.36]
Government size	-0.699*** [2.97]	-0.240 [0.76]	-0.346 [1.42]
Globalization	-0.152 [0.71]	-0.124 [0.50]	0.106 [0.51]
Education	10.346 [0.80]	3.002 [0.24]	5.943 [0.53]
Africa	-0.370 [0.09]	-4.289 [1.00]	-6.616 [1.25]
Asia	-3.611 [1.12]	-3.757 [0.89]	-7.720 [1.66]
Europe	-10.588*** [3.90]	-10.039** [2.59]	-14.817*** [3.31]
Oceania	0.039 [0.01]	1.543 [0.33]	2.844 [0.61]
South America	-8.348*** [2.85]	-9.069** [2.56]	-13.155*** [2.90]
Constant	28.243** [2.12]	41.852** [2.63]	11.028 [0.62]
R <sup>2</sup>	0.49	0.48	0.52
N	82	83	82

North America is used as the reference group.

t-statistics in brackets.

\* p&lt;0.1; \*\* p&lt;0.05; \*\*\* p&lt;0.01.

**Table 4**  
Analysis of subdimensions of World Giving Index.

WGI dimension	(1) Helping strangers	(2) Donating money	(3) Volunteering time	(4) Helping strangers	(5) Donating money	(6) Volunteering time	(7) Helping strangers	(8) Donating money	(9) Volunteering time
Individualism (measure 1)	0.186*** [2.92]	0.134 [1.30]	0.090 [1.33]						
Survival (measure 2)				7.943*** [3.21]	21.771*** [5.16]	10.743*** [3.60]			
Tolerance (measure 3)							37.034*** [3.37]	41.393** [2.46]	19.463* [1.89]
GDP	-3.493* [1.86]	1.890 [1.07]	-3.184** [2.34]	-1.891 [1.02]	-0.887 [0.37]	-2.950** [2.03]	-1.341 [0.71]	3.357 [1.38]	-0.621 [0.42]
Freedom	5.155** [2.36]	10.404*** [3.72]	5.873*** [2.93]	2.018 [1.07]	-0.896 [0.23]	1.199 [0.58]	3.368 [1.56]	5.650** [2.01]	4.129** [2.33]
Democracy	0.555*** [3.63]	0.176 [1.04]	0.298** [2.06]	0.319* [1.81]	0.009 [0.04]	-0.001 [0.01]	0.467*** [2.77]	0.218 [1.20]	0.170 [1.17]
Gini	-0.827* [1.85]	-0.954** [2.31]	0.041 [0.13]	-0.454 [1.38]	-0.174 [0.46]	-0.098 [0.35]	-0.375 [1.31]	-0.052 [0.16]	-0.035 [0.13]
Crime	-0.053 [0.57]	-0.254*** [3.00]	-0.048 [0.71]	0.167 [1.37]	-0.298* [1.80]	0.158 [1.18]	0.019 [0.19]	-0.294*** [3.39]	0.032 [0.42]
Constant	21.758 [0.96]	-62.981*** [3.95]	-4.937 [0.31]	39.702** [2.17]	49.284 [1.16]	39.276 [1.64]	-5.652 [0.29]	-75.081** [2.64]	-23.481 [1.25]
R <sup>2</sup>	0.25	0.35	0.20	0.22	0.37	0.24	0.24	0.34	0.17
N	75	75	75	78	78	78	75	75	75

t-statistics in brackets.

\* p<0.1; \*\* p<0.05; \*\*\* p<0.01.

## 6.2. Extended analysis

Our analysis shows that individualism is positively associated with charitable giving though it could be that charity influences social rules, including individualism. For example, when one receives a contribution from a stranger, that may contribute to an individualistic orientation. To assess the possibility of a causal relationship, we use two-stage least squares (2SLS) with pathogen stress and pronoun drop as instrumental variables. The parasite-stress theory of values and sociality links pathogens, a major source of mortality and morbidity, to the development of cultural attitudes, beliefs, and values concerning in- and out-groups (Fincher et al. 2008; Murray and Schaller 2010; Thornhill et al. 2009). People living in regions with higher exposure to pathogenic stress are more likely to develop prejudice against out-groups and therefore shape their cultural values associated with sociality (Wu and Chang 2012). This instrument has been used to show how individualism contributes to the development of economic freedom (Nikolaev et al. 2017) and entrepreneurship (Bennett and Nikolaev 2020). Murray and Schaller (2010) provide an index of historical prevalence of infectious diseases to measure pathogen stress. We expect the *Pathogens* instrument to be negatively correlated with our variable for individualism.

Rules on use of personal pronouns are a stable feature of language. Some languages, such as English, make the use of subject pronouns obligatory. Those that drop pronouns are associated with collectivist cultures because personal pronouns signify individuals (Tabellini 2008). Kashima and Kashima (1998) argue that languages that forbid dropping first-person pronouns put more cultural emphasis on individuals. That feature of language has been used as an instrument for cultural individualism (Alesina and Giuliano 2015; Feldmann 2019; Kyriacou 2016; Licht et al. 2007). Pronoun drop is associated with collectivist cultures. We expect languages that forbid pronoun drop to be associated with individualistic social rules. We construct a variable *Pronoun Drop*, which equals 1 if languages drop pronouns and 0 otherwise.

Table 5 presents the 2SLS results. The first-stage regression results suggest that pronoun drop is a significant instrument for all measures of individualism, while pathogen prevalence is causal only for the individualism-collectivism index. In the second-stage results, we find that instrumented individualism, using three measures, is positive and statistically significant across all model specifications, suggesting a causal relationship between individualism and philanthropy. Specifically, a one-standard-deviation increase in the individualism-collectivism score leads to an increase of more than one standard deviation in the WGI score. The results suggest that an exogenous increase in individualism would likely see an increase in charitable giving as a result. For example, a collectivist country that opened its border to immigration with countries with higher-than-average individualism would likely see an increase in charitable giving as a result.

One interesting result from the 2SLS model is that the effect of economic freedom on charitable giving becomes non-significant. There is already compelling evidence that an exogenously measured increase in individualism is associated with increases in economic freedom (Nikolaev and Salahodjaev 2017). One interpretation is that charitable giving and economic freedom have individualism as a common cause, but that economic freedom does not influence charitable giving itself. However, we should take care with such an interpretation. Available measures of economic freedom emphasize formal rules rather than the actual practice of participation in market activity among equals (Cowen 2021). Yet, practices play a constitutive role in establishing formal institutions (Storr 2015). Another interpretation is that cultural variables, despite having

**Table 5**  
Charity and individualism: Instrumental-variables analysis.

	(1)	(2)	(3)
Panel A: Second stage results			
Dependent variable: charity			
Individualism (measure 1)	0.606*** [2.82]		
Survival (measure 2)		35.281*** [2.68]	
Tolerance (measure 3)			129.596** [2.60]
GDP	-6.736** [2.12]	-8.594 [1.59]	-2.158 [0.57]
Freedom	2.745 [0.86]	0.190 [0.07]	2.320 [0.90]
Democracy	-0.261 [0.47]	-0.559 [0.88]	-0.001 [0.00]
Gini	0.535** [2.02]	0.117 [0.42]	0.328 [1.39]
Crime	-0.087 [0.76]	0.085 [0.45]	-0.052 [0.52]
Constant	35.371 [1.08]	112.439* [1.68]	-64.151* [1.70]
N	64	61	60
Panel B: First-stage partial results			
Dependent variable: individualism			
Pathogens	-9.254* [1.78]	0.043 [0.34]	-0.007 [0.21]
Pronoun drop	-14.264*** [3.06]	-0.335*** [2.82]	-0.85** [2.67]
F-stat	12.7	10.87	2.57

t-statistics in brackets.

\* p&lt;0.1; \*\* p&lt;0.05; \*\*\* p&lt;0.01.

their own measurement issues, do a better job capturing some of the impact of the lived experience of economic freedom than the formal measures.<sup>5</sup>

We perform additional robustness checks, including alternative measures of control variables and sensitivity to influential data points. These results are presented in [Appendix A Table A1](#). First, we replace the democracy index from the Polity IV database with the electoral democracy index (EDI) from the Varieties of Democracy (V-Dem) data as an alternative way to measure democracy. The EDI ranges from 0 to 1, with higher values indicating higher levels of electoral democratization. Next, given the EFW has been found to have a positive causal relationship with GDP and GDP growth, we suspect the effects of GDP may have been absorbed by the EFW.<sup>6</sup> Therefore, we omit the EFI and replace it with GDP per capita (column 1). We find that both GDP per capita and EFW are statistically insignificant, while Individualism retains its significance.

We also add Internet as an additional control (columns 2 and 3). Some charities may rely relatively more on websites to deliver organization missions relative to those in lower internet penetration areas. Since previous research finds that use of Internet results in differences in visibility, and thus, the ability to attract donors ([Goatman and Lewis 2007](#)), we include a proportion of population using Internet to capture any effects of Internet use on charitable giving. We likewise control for GDP growth rates (column 3) as a proxy for the speed of income growth. With the addition of these controls, our main results on Individualism, measured in three ways, remain robust. Repeating these robustness checks for Survival (columns 4–6) and Tolerance (columns 7–9), our results remain robust and significant.

[Appendix A Table A2](#) reports the results obtained with the aid of an IV 2SLS regression model. In [Appendix A Table A3](#), we estimate models using robust regression (column 1), removing outliers (column 2), and weighted least squared (column 3). The main results on Individualism remain unchanged. Replicating these empirical exercises for Survival (columns 4–6) and Tolerance (columns 7–9), our results remain robust.

<sup>5</sup> An alternate explanation is that pathogen prevalent societies are more likely to adopt authoritarian institutions ([Murray et al. 2013](#)), which relates to the strongly negative relationship between pathogen prevalence and individualism.

<sup>6</sup> On the causal effects of economic freedom upon growth, see [Faria and Montesinos \(2009, pp. 109–11\)](#), who examined the validity of various instruments for economic freedom. They found that latitude, ethnolinguistic fractionalization, and legal origins all suffice as valid instruments, establishing robust channels between economic freedom and prosperity.

### 7. Conclusion

We argue that individualism increases charitable giving through two channels. In the direct channel, it makes self-interested giving more socially acceptable. The indirect channel relates individualism, economic freedom, and the classical liberal concept of the extended circle of sympathy. Our empirical results, which hold with three different measures of individualism, show that individualism is indeed associated with higher levels of charitable giving. Further, using instrumental variables, we found that this relationship is plausibly causal. It thus appears that individualistic values contribute to markets as a moral space, in this case by encouraging charitable giving.

We highlight four implications of our study. First, the link between individualism, capitalism, and collective well-being is more complicated than critics of capitalism believe. We found that rather than contributing to antisocial behavior, individualism contributes to prosocial behavior and arguably moral improvement. That finding may appear counterintuitive, though it is in line with the insights of classical political economy and the more recent humanomics literature, which sees social benefits from individualism as a moral system (Storr and Choi 2019). Second, because individualism in the world, as measured by the WVS, has been increasing (Inglehart and Baker 2000), our results suggest a plausible explanation for increasing charity over the past several decades. An avenue for future research is to consider changes in charitable giving in response to gradual shifts in social rules. Third, from a policy perspective, public policies that encourage and support individualism and economic freedom, may encourage sympathy. To an extent, this suggests the critics of capitalism have misdiagnosed the cause of antisocial and immoral conduct.

Finally, there does not appear to be a contradiction between capitalism and philanthropy. Acs and Phillips (2002) argue that one critical ingredient that differentiates American capitalism from other forms of capitalism (namely, Japanese, German, and Scandinavian) is its focus on both wealth creation (entrepreneurship) and the reconstitution of wealth (philanthropy). Individualism contributes to both. Thus, along with offering some praise for commercial culture, as Cowen (2009) encourages us to do, we ought to praise individualism both for its support of commercial culture and for encouraging charitable giving.

### Declaration of Interests Statement

None.

### Appendix A. Additional robustness checks

Table A1, Table A2, Table A3.

**Table A1**  
OLS – Electoral Democracy Index (EDI) as measure of political institutions.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Individualism (measure 1)	0.193*** [2.55]	0.191** [2.50]	0.202*** [2.75]						
Survival (measure 2)				14.906*** [5.00]	15.381*** [5.24]	14.951*** [5.12]			
Tolerance (measure 3)							33.257*** [3.10]	32.646*** [3.10]	28.186** [2.60]
GDP per capita	1.213 [0.92]	0.964 [0.39]		-1.330 [0.90]	-0.516 [0.21]		1.358 [0.85]	0.075 [0.03]	
EDI	-5.738 [0.88]	-5.890 [0.84]	-2.290 [0.31]	-8.333 [1.10]	-8.308 [1.09]	-5.375 [0.76]	3.674 [0.68]	2.892 [0.52]	4.818 [0.84]
GINI	0.378*** [2.87]	0.381*** [2.76]	0.336** [2.42]	0.122 [0.83]	0.115 [0.77]	0.112 [0.78]	0.261** [2.07]	0.269** [2.11]	0.264** [2.06]
Crime	-0.117* [1.85]	-0.114* [1.71]	-0.081 [1.20]	0.000 [0.00]	-0.014 [0.12]	-0.035 [0.33]	-0.075 [1.35]	-0.056 [0.86]	-0.065 [1.01]
Internet		0.022 [0.11]	0.077 [0.68]		-0.070 [0.44]	-0.074 [0.81]		0.102 [0.58]	1.121 [1.12]
GDP growth			1.028 [1.28]			0.810 [1.27]			0.272 [0.50]
Constant	4.433 [0.35]	6.247 [0.33]	8.841 [1.24]	46.038*** [2.79]	40.666* [1.94]	31.313*** [5.07]	-15.223 [0.87]	-5.487 [0.24]	-4.439 [0.52]
R <sup>2</sup>	0.16	0.16	0.19	0.34	0.34	0.35	0.23	0.23	0.22
N	76	76	77	79	79	81	77	77	79

t-statistics in brackets.  
\* p<0.1; \*\* p<0.05; \*\*\* p<0.01.

**Table A2**  
2SLS – Electoral Democracy Index (EDI) as measure of political institutions.

	(1)	(2)	(3)
Individualism (measure 1)	0.799** [2.40]		
Survival (measure 2)		37.190** [2.43]	
Tolerance (measure 3)			148.530** [2.14]
GDP	-1.875 [0.46]	1.215 [0.26]	3.803 [0.59]
EDI	-8.820 [0.68]	-21.288 [1.53]	-12.963 [1.12]
Gini	0.552* [1.69]	0.128 [0.47]	0.375 [1.38]
Crime	-0.078 [0.54]	-0.044 [0.26]	-0.056 [0.42]
Internet	-0.291 [0.64]	-0.527 [0.99]	-0.164 [0.35]
GDP growth	1.184 [1.01]	0.410 [0.43]	0.115 [0.11]
Constant	7.889 [0.22]	44.510 [1.13]	-107.274 [1.30]
N	64	62	61

t-statistics in brackets.

\* p<0.1; \*\* p<0.05; \*\*\* p<0.01.

**Table A3**  
Controlling for influential data points.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Individualism (measure 1)	0.149** [2.04]	0.169** [2.59]	0.139** [2.09]						
Survival (measure 2)				12.985*** [5.03]	13.013*** [5.53]	14.267*** [5.78]			
Tolerance (measure 3)							34.533*** [3.05]	40.357*** [4.12]	32.872*** [3.10]
GDP	-1.460 [0.80]	-2.184 [1.28]	-1.338 [0.81]	-1.602 [0.97]	-1.264 [0.85]	-1.739 [1.06]	0.352 [0.20]	0.793 [0.52]	0.550 [0.33]
Freedom	7.343*** [2.70]	6.859*** [2.79]	6.898*** [2.79]	2.549 [1.41]	2.524 [1.51]	0.212 [0.12]	3.973** [2.03]	3.343* [1.95]	4.119** [2.24]
Democracy	-0.642* [1.80]	-0.387 [1.05]	-0.676** [2.03]	-0.313 [1.12]	-0.313 [1.27]	-0.338 [1.19]	-0.114 [0.37]	-0.131 [0.50]	-0.157 [0.54]
Gini	0.355* [1.87]	0.319* [1.78]	0.354** [2.07]	0.143 [0.84]	0.145 [0.94]	0.122 [0.74]	0.258 [1.49]	0.219 [1.38]	0.286* [1.75]
Crime	-0.104 [0.90]	-0.038 [0.28]	-0.114 [1.12]	0.058 [0.40]	0.130 [0.68]	0.012 [0.08]	-0.056 [0.52]	0.005 [0.03]	-0.075 [0.74]
Constant	-18.795 [1.01]	-10.572 [0.59]	-15.875 [0.92]	25.667 [1.29]	22.203 [1.20]	45.205** [2.27]	-31.890 [1.62]	-34.829* [1.99]	-33.915* [1.81]
R <sup>2</sup>	0.23	0.30	0.24	0.37	0.44	0.36	0.26	0.35	0.28
N	75	71	75	78	74	78	75	71	75
Method	RREG	Excluding outliers	WLS	RREG	Excluding outliers	WLS	RREG	Excluding outliers	WLS

Note: Columns (1), (4), and (7) use robust regression (RREG) estimators that remove gross outliers based on Cook's distance and estimate parameters based on biweight iterations. Columns (2), (5) and (8) exclude four most significant outliers based on leverage-versus-squared-residual plot after estimating OLS regressions. Columns (3), (6) and (9) apply weighted least squared (WLS) estimators using population size in 1990 as the key variable in the weighting equation.

t-statistics in brackets.

\* p<0.1; \*\* p<0.05; \*\*\* p<0.01.

## References

- Abrams, B.A., Schitz, M.D., 1978. The 'crowding-out' effect of governmental transfers on private charitable contributions. *Public Choice* 33 (1), 29–39.
- Acemoglu, D., Johnson, S., Robinson, J., 2001. The colonial origins of comparative development: an empirical investigation. *Am. Econ. Rev.* 91 (5), 1369–1401.
- Acs, Z., 2013. Why philanthropy matters: how the wealthy give, and what it means for our economic well-being. Princeton University Press.
- Acs, Z.J., Dana, L.P., 2001. Contrasting two models of wealth redistribution. *Small Bus. Econ.* 16 (2), 63–74.
- Acs, Z.J., Phillips, R.J., 2002. Entrepreneurship and philanthropy in American capitalism. *Small Bus. Econ.* 19 (3), 189–204.
- Akbari, M., Bahrami-Rad, D., Kimbrough, E.O., 2019. Kinship, fractionalization and corruption. *J. Econ. Behav. Organization* 166, 493–528. doi:10.1016/j.jebo.2019.07.015.
- Alesina, A., Giuliano, P., 2015. Culture and institutions. *J. Econ. Lit.* 53 (4), 898–944.
- Aligica, P.D., 2016. Neither market nor state domain: nonprofits from the ostroms' theoretical perspective. *Nonprofit and Voluntary Sector Quarterly* 45 (4), 435–605.
- Alston, E., Alston, L.J., Mueller, B., Nonnenmacher, T., 2018. Institutional and organizational analysis: concepts and applications, 1st ed. Cambridge University Press doi:10.1017/9781316091340.
- Anderson, L.R., Mellor, J.M., Milyo, J., 2008. Inequality and public good provision: an experimental analysis. *J. Socio Econ.* 37 (3), 1010–1028.
- Andreoni, J., 1989. Giving with impure altruism: applications to charity and Ricardian equivalence. *J. Polit. Econ.* 97 (6), 1447–1458. doi:10.1086/261662.
- Andreoni, J., 1990. Impure altruism and donations to public goods: a theory of warm-glow giving. *Econ. J.* 100 (401), 464–477.
- Andreoni, J., 1995. Cooperation in public-goods experiments: kindness or confusion? *Am. Econ. Rev.* 891–904.
- Andreoni, J., 2006. Chapter 18 Philanthropy. *Handbook of the economics of giving, altruism and reciprocity* (Vol. 2, pp. 1201–1269) doi:10.1016/S1574-0714(06)02018-5.
- Barasch, A., Berman, J.Z., Small, D.A., 2016. When payment undermines the pitch: on the persuasiveness of pure motives in fund-raising. *Psychol. Sci.* 27 (10), 1388–1397.
- Becker, G.S., 1974. A theory of social interactions. *J. Polit. Econ.* 82 (6), 1063–1093.
- Becker, G.S., 1998. Accounting for tastes. Harvard University Press.
- Bekkers, R., Wiepking, P., 2011. Who gives? A literature review of predictors of charitable giving part one: Religion, education, age and socialisation. *Voluntary Sector Rev.* 2 (3), 337–365.
- Belloc, M., Bowles, S., 2013. The persistence of inferior cultural-institutional conventions. *Am. Econ. Rev.* 103 (3), 93–98.
- Bennett, D.L., Nikolaev, B., 2017. Economic freedom & happiness inequality: friends or foes? *Contemporary Econ. Policy* 35 (2), 373–391.
- Bennett, D.L., Nikolaev, B., 2020. Historical disease prevalence, cultural values, and global innovation. *Entrepreneurship Theory and Practice*.
- Berggren, N., 2003. The benefits of economic freedom: a survey. *Independent Rev.* 8 (2), 193–211.
- Berggren, N., Bjørnskov, C., 2020. Institutions and life satisfaction. In: Zimmermann, K.F. (Ed.), *Handbook of labor, human resources and population Economics*. Springer International Publishing, Cham, pp. 1–48. doi:10.1007/978-3-319-57365-6\_192-1.
- Berggren, N., Jordahl, H., 2006. Free to trust: economic freedom and social capital. *Kyklos* 59 (2), 141–169.
- Berggren, N., Nilsson, T., 2013. Does economic freedom foster tolerance? *Kyklos* 66 (2), 177–207.
- Berggren, N., Nilsson, T., 2015. Globalization and the transmission of social values: the case of tolerance. *J. Comparative Eco.* 43 (2), 371–389.
- Berggren, N., Nilsson, T., 2020. Economic freedom and antisemitism. *J. Institutional Econ.*
- Bergh, A., Nilsson, T., 2010. Do liberalization and globalization increase income inequality? *Eur. J. Political Econ.* 26 (4), 488–505.
- Berman, J.Z., Small, D.A., 2012. Self-interest without selfishness: the hedonic benefit of imposed self-interest. *Psychol. Sci.* 23 (10), 1193–1199.
- Bjørnskov, C., Foss, N.J., 2008. Economic freedom and entrepreneurial activity: some cross-country evidence. *Public Choice* 134 (3–4), 307–328.
- Boettke, P.J., 1997. Where did economics go wrong? Modern economics as flight from reality. *Critical Rev.* 11 (1), 11–64.
- Boettke, P.J., Chamlee-Wright, E., Gordon, P., Ikeda, S., Leeson, P.T., Sobel, R., 2007. The political, economic, and social aspects of Katrina. *Southern Econ. J.* 363–376.
- Boettke, P.J., Coyne, C.J., 2005. Methodological individualism, spontaneous order and the research program of the Workshop in Political Theory and Policy Analysis. *J. Econ. Behav. Organization* 57 (2), 145–158.
- Boettke, P.J., Coyne, C.J., Leeson, P.T., 2013. Comparative historical political economy. *J. Institutional Econ.* 9 (03), 285–301. doi:10.1017/S1744137413000088.
- Boettke, P.J., Smith, D.J., 2014. The theory of social cooperation historically and robustly contemplated. *Commerce and Community: Ecologies of Social Cooperation*, pp. 38–55.
- Boettke, P.J., Storr, V.H., 2002. Post-classical political economy: polity, society and economy in Weber, Mises and Hayek. *Am. J. Econ. Sociol.* 161–191.
- Boudreaux, C.J., Nikolaev, B.N., Klein, P., 2019. Socio-cognitive traits and entrepreneurship: the moderating role of economic institutions. *J. Bus. Ventur.* 34 (1), 178–196.
- Bowles, S., 1998. Endogenous preferences: the cultural consequences of markets and other economic institutions. *J. Econ. Lit.* 36 (1), 75–111.
- Braithwaite, V., Levi, M., 2003. Trust and governance. Russell Sage Foundation.
- Brennan, J., Jaworski, P., 2015. Markets without limits: moral virtues and commercial interests. Routledge.
- Bromley, D.W., 2019. Possessive individualism: A crisis of capitalism. Oxford University Press, New York.
- Brown, S., Harris, M.N., Taylor, K., 2012. Modelling charitable donations to an unexpected natural disaster: evidence from the US Panel Study of Income Dynamics. *J. Econ. Behav. Organization* 84 (1), 97–110.
- Bruni, L., Sugden, R., 2000. Moral canals: trust and social capital in the work of Hume, Smith and Genovesi. *Econ. Philos.* 16 (1), 21–45.
- Buchanan, J.M., Vanberg, V.J., 1991. The Market as a Creative Process. *Econ. Philos.* 7 (02), 167. doi:10.1017/S0266267100001383.
- Cai, M., Murtazashvili, I., Murtazashvili, J., Salahodjaev, R., 2020. Individualism and governance of the commons. *Public Choice* 184 (1–2), 175–195.
- Candela, R.A., Geloso, V.J., 2018. The lightship in economics. *Public Choice* 176 (3–4), 479–506.
- Carden, A., Caskey, G.W., Kessler, Z.B., 2021. Going far by going together: james m. buchanan's economics of shared ethics. *Bus. Ethics Quarterly* 1–15. doi:10.1017/beq.2021.26.
- Carden, A., Caskey, G.W., Marshall, J., 2020. Ethical maturity and economic progress: adam smith's lesson still applies. *J. Markets Moral.* 23 (1), 45–59.
- Chamlee-Wright, E., Storr, V.H., 2009. Club goods and post-disaster community return. *Ration. Soc.* 21 (4), 429–458. doi:10.1177/1043463109337097.
- Chamlee-Wright, E., Storr, V.H., 2011. Social capital as collective narratives and post-disaster community recovery. *Soc. Rev.* 59 (2), 266–282.
- Chamlin, M.B., Cochran, J.K., 1997. Social altruism and crime. *Criminology* 35 (2), 203–226.
- Charities Aid Foundation. (2019). *CAF World Giving Index 10th edition*.
- Choi, G.S., Storr, V.H., 2020. Market interconnections, trust and reciprocity. *PLoS One* 15 (5), e0232704. doi:10.1371/journal.pone.0232704.
- Choi, G.S., Storr, V.H., 2021. The market as a process for the discovery of whom not to trust. *J. Institutional Econ.* 1–16. doi:10.1017/S1744137421000370.
- Choi, S.G., Storr, V.H., 2019a. A culture of rent seeking. *Public Choice* 181 (1–2), 101–126. doi:10.1007/s11127-018-0557-x.
- Choi, S.G., Storr, V.H., 2019b. A culture of rent seeking. *Public Choice* 181 (1–2), 101–126.
- Chuan, A., Samek, A.S., 2014. Feel the Warmth" glow: a field experiment on manipulating the act of giving. *J. Econ. Behav. Organization* 108, 198–211.
- Cowen, N., 2021. Basic Economic Liberties: John Rawls and Adam Smith Reconciled. *The Independent Review*. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3596764](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3596764).
- Cowen, T., 2009. In praise of commercial culture. Harvard University Press.
- Coyne, C.J., Williamson, C.R., 2012. Trade openness and cultural creative destruction. *J. Entrepreneurship Public Policy* 1 (1), 22–49.
- Crockett, M.J., Clark, L., Lieberman, M.D., Tabibnia, G., Robbins, T.W., 2010. Impulsive choice and altruistic punishment are correlated and increase in tandem with serotonin depletion. *Emotion* 10 (6), 855–862.
- Danielsen, A.L., 1975. A theory of exchange, philanthropy and appropriation. *Public Choice* 24 (1), 13–26.

- Davis, L.S., Williamson, C.R., 2019. Does individualism promote gender equality?. *World Development*, 123 doi:10.1016/j.worlddev.2019.104627.
- Day, K.M., Devlin, R.A., 1998. The payoff to work without pay: volunteer work as an investment in human capital. *Canadian J. Econ.* 1179–1191.
- Deneen, P.J., 2018. *Why liberalism failed*. Yale University Press, New Haven.
- Dold, M., Khadjavi, M., 2017. Jumping the queue: an experiment on procedural preferences. *Games Econ. Behav.* 102, 127–137. doi:10.1016/j.geb.2016.12.002.
- Duffy, J., Kornienko, T., 2010. Does competition affect giving? *J. Econ. Behav. Organization* 74 (1–2), 82–103.
- Ealy, L.T., 2014. The intellectual crisis in philanthropy. *Society* 51 (1), 87–96.
- Faria, H.J., Montesinos, H.M., 2009. Does economic freedom cause prosperity? An IV approach. *Public Choice* 141 (1), 103–127. doi:10.1007/s11127-009-9440-0.
- Fehr, E., Gächter, S., 2002. Altruistic punishment in humans. *Nature* 415 (6868), 137–140.
- Feldmann, H., 2019. Do linguistic structures affect human capital? The case of pronoun drop. *Kyklos* 72 (1), 29–54.
- Fincher, C.L., Thornhill, R., Murray, D.R., Schaller, M., 2008. Pathogen prevalence predicts human cross-cultural variability in individualism/collectivism. *Proc. Royal Soc. London B* 275 (1640), 1279–1285.
- Forman-Barzilay, F., 2010. *Adam Smith and the circles of sympathy: cosmopolitanism and moral theory*. Cambridge University Press, Cambridge, UK ; New York.
- Franke, R.H., Hofstede, G., Bond, M.H., 1991. Cultural roots of economic performance: a research note. *Strategic Manage. J.* 12 (S1), 165–173.
- Frey, B.S., Stutzer, A., 2010. Happiness and public choice. *Public Choice* 144 (3–4), 557–573.
- Geertz, C., 1973. *The interpretation of cultures: selected essays*. Basic Books, New York.
- Goatman, A.K., Lewis, B.R., 2007. Charity E-volution? An evaluation of the attitudes of UK charities towards website adoption and use. *Int. J. Nonprofit Voluntary Sector Market.* 12 (1), 33–46.
- Gorodnichenko, Y., Roland, G., 2011. Which dimensions of culture matter for long-run growth? *Am. Econ. Rev.* 101 (3), 492–498.
- Gorodnichenko, Y., Roland, G., 2017. Culture, institutions, and the wealth of nations. *Rev. Econ. Stat.* 99 (3), 402–416.
- Grube, L. E., & Storr, V.H. (Eds.). (2015). *Culture and economic action*. Cheltenham: Edward Elgar Publishing.
- Guiso, L., Sapienza, P., Zingales, L., 2006. Does culture affect economic outcomes? *J. Econ. Perspect.* 20 (2), 23–48.
- Gupta, D.K., Hofstetter, C.R., Buss, T.F., 1997. Group utility in the micro motivation of collective action: the case of membership in the AARP. *J. Econ. Behav. Organization* 32 (2), 301–320.
- Gwartney, J., Lawson, R., Hall, J., Murphy, R., 2020a. Economic freedom dataset, published in economic freedom of the world: 2020 annual report. Fraser Institute.
- Gwartney, J., Lawson, R., Hall, J., Murphy, R., 2020b. Economic freedom of the world: 2020 annual report. Fraser Institute.
- Gygli, S., Haelg, F., Potrafke, N., & Sturm, J.-E. (2019). The KOF globalisation index—revisited. *The Review of International Organizations*, 14(3), 543–574.
- Hayek, F.A., 1948. *Individualism and economic order*. University of Chicago Press, Chicago.
- Hayek, Friedrich A., 1982. *Law, legislation, and liberty: a new statement of the liberal principles of justice and political economy* (Reprinted 1993., Vol. 1). Routledge, London.
- Hirschman, 1982. Rival interpretations of market society: civilizing, destructive, or feeble? *J. Econ. Lit.* 20 (4), 1463–1484.
- Hirschman, A.O., 2013. *The passions and the interests: political arguments for capitalism before its triumph*, First Princeton Classics edition PRINCETON UNIVERSITY PRESS, PRINCETON.
- Hofstede, G., 2001. Culture's consequences: comparing values, behaviors, institutions and organizations across nations. Sage publications.
- Hofstede, G., 2011. Dimensionalizing cultures: the Hofstede model in context. *Online Readings Psychol. Culture* 2 (1), 8.
- Hofstede, G., Hofstede, G.J., Minkov, M., 2010. *Cultures and organizations: software of the mind ; intercultural cooperation and its importance for survival* (Rev. and expanded 3. ed.). McGraw-Hill, New York.
- Hume, D., 1994. Of refinement in the arts. In: Haakonssen, K. (Ed.), *Hume: political essays*. Cambridge University Press, Cambridge, pp. 105–114. doi:10.1017/CBO9781139170765.020.
- Inglehart, R., Baker, W.E., 2000. Modernization, cultural change, and the persistence of traditional values. *Am. Sociol. Rev.* 19–51.
- Inglehart, R., Oyserman, D., 2004. Individualism, autonomy and self-expression. In: Vinken, H., Soeters, J., Ester, P. (Eds.), *Comparing cultures: dimensions of culture in a comparative perspective. The human development syndrome*.
- Inglehart, R., Welzel, C., 2005. *Modernization, cultural change, and democracy: the human development sequence*. Cambridge University Press.
- Kashima, E.S., Kashima, Y., 1998. Culture and language: The case of cultural dimensions and personal pronoun use. *J. Cross-Cultural Psychol.* 29 (3), 461–486.
- Kimbrough, E.O., Vostroknutov, A., 2016. Norms make preferences social. *J. Eur. Econ. Assoc.* 14 (3), 608–638. doi:10.1111/jeea.12152.
- Klein, D.B., 1992. Promise keeping in the great society: a model of credit information sharing. *Econ. Politics* 4 (2), 117–136.
- Knight, F.H., 1946. The sickness of Liberal society. *Ethics* 56 (2), 79–95.
- Kolev, S. (2010). FA Hayek as an ordo-liberal. Available at SSRN 2888693.
- Kyriacou, A.P., 2016. Individualism–collectivism, governance and economic development. *Eur. J. Political Econ.* 42, 91–104.
- Landa, J.T., 1981. A theory of the ethnically homogeneous middleman group: An institutional alternative to contract law. *J. Legal Studies* 10 (2), 349–362.
- Lavoie, D., Chamlee-Wright, E., 2000. *Culture and enterprise: the development, representation, and morality of business*. Routledge, London ; New York.
- Leeson, P.T., 2011. Government, clubs, and constitutions. *J. Econ. Behav. Organization* 80 (2), 301–308.
- Leeson, P.T., Rogers, D.B., 2012. Organizing crime. *Supreme Court Econ. Rev.* 20 (1), 89–123.
- Licht, A.N., Goldschmidt, C., Schwartz, S.H., 2007. Culture rules: The foundations of the rule of law and other norms of governance. *J. Comparative Econ.* 35 (4), 659–688.
- Mandeville, B., 1988. *The fable of the bees, or, Private vices, publick benefits*. Liberty Classics, Indianapolis.
- Mathers, R.L., Williamson, C.R., 2011. Cultural Context: Explaining the Productivity of Capitalism. *Kyklos* 64 (2), 231–252. doi:10.1111/j.1467-6435.2011.00504.x.
- Matson, E.W., 2020. Satisfaction in action: Hume's endogenous theory preferences and the virtues of commerce. *J. Econ. Behav. Organization* doi:10.1016/j.jebo.2020.11.018, S0167268120304236.
- McCloskey, Deirdre N., 2010. *Bourgeois dignity: why economics can't explain the modern world*. University of Chicago Press, Chicago.
- McCloskey, Deirdre N., 2019. *Why liberalism works: how true liberal values produce a freer, more equal, prosperous world for all*. Yale University Press, New Haven.
- McCloskey, Deirdre Nansen, Carden, A., 2020. *Leave me alone and I'll make you rich: how the bourgeois deal enriched the world*. University of Chicago Press.
- McQuillan, L.J., Park, H.C., 2017. Pope Francis, capitalism, and private charitable giving. *Independent Rev.* 21 (3), 419–441.
- Meadowcroft, J., Pennington, M., 2008. Bonding and bridging: Social capital and the communitarian critique of liberal markets. *Rev. Austrian Econ.* 21 (2–3), 119–133.
- Montesquieu, C.L., de, S., 1777a. *The Complete Works of M. De. Montesquieu* (Vols. 1–4, Vol. 2). T. Evans and W. Davis, London.
- Montesquieu, C.L., de, S., 1777b. *The Complete Works of M. De. Montesquieu* (Vols. 1–4, Vol. 1). T. Evans and W. Davis, London.
- Munger, M., 2015. Empowering, not enfeebling: beyond the 'market v. state' dichotomy. *Beneficence* 9, 1–11.
- Murray, D.R., Schaller, M., 2010. Historical prevalence of infectious diseases within 230 geopolitical regions: a tool for investigating origins of culture. *J. Cross-Cultural Psychol.* 41 (1), 99–108.
- Murray, D.R., Schaller, M., Suedfeld, P., 2013. Pathogens and politics: further evidence that parasite prevalence predicts authoritarianism. *PLoS One* 8 (5), e62275.
- Murtazashvili, J., 2016. *Informal order and the state in Afghanistan*. Cambridge University Press, New York.



- Nikolaev, B., Boudreaux, C., Salahodjaev, R., 2017. Are individualistic societies less equal? Evidence from the parasite stress theory of values. *J. Econ. Behav. Organization* 138, 30–49.
- Nikolaev, B., Salahodjaev, R., 2017. Historical prevalence of infectious diseases, cultural values, and the origins of economic institutions. *Kyklos* 70 (1), 97–128.
- Nyström, K., 2008. The institutions of economic freedom and entrepreneurship: evidence from panel data. *Public Choice* 136 (3–4), 269–282.
- Ostrom, V., 1993. Epistemic choice and public choice. *Public Choice* 77 (1), 163–176.
- Paganelli, M.P., 2017. We are not the center of the universe: the role of astronomy in the moral defense of commerce in Adam Smith. *History Political Econ.* 49 (3), 451–468. doi:10.1215/00182702-4193033.
- Pan, X., Houser, D., 2019. Why trust out-groups? The role of punishment under uncertainty. *J. Econ. Behav. Organization* 158, 236–254. doi:10.1016/j.jebo.2018.11.020.
- Payne, A.A., Smith, J., 2015. Does income inequality increase charitable giving? *Canadian Journal of Economics/Revue canadienne d'économie* 48 (2), 793–818.
- Pennington, M., 2011. *Robust political economy: Classic liberalism and the future of public policy*. Edward Elgar Publishing, Cheltenham.
- Piketty, T., 2014. *Capital in the twenty-first century*. Harvard University Press.
- Polanyi, M., 2013. *Science, faith and society*. University of Chicago Press.
- Poulsen, A.U., Svendsen, G.T., 2005. Social capital and endogenous preferences. *Public Choice* 123 (1–2), 171–196. doi:10.1007/s11127-005-0266-0.
- Putnam, R.D., 1993. The prosperous community. *Am. Prospect* 4 (13), 35–42.
- Putnam, R.D., Leonardi, R., Nanetti, R.Y., 1994. *Making democracy work: civic traditions in modern Italy*. Princeton University Press, Princeton.
- Reich, R., 2018. *Just giving: why philanthropy is failing democracy and how it can do better*. Princeton University Press.
- Rizzo, M.J., 2020. Are general inflexible rules stable? An examination of David Hume's jurisprudence - ScienceDirect. *J. Econ. Behav. Organization*. <https://www.sciencedirect.com/science/article/pii/S016726812030425X?dgcid=author>. Accessed 23 December 2020.
- Roberts, R.D., 1984. A positive model of private charity and public transfers. *J. Polit. Econ.* 92 (1), 136–148.
- Rode, M., 2013. Do good institutions make citizens happy, or do happy citizens build better institutions? *J. Happiness Stud.* 14 (5), 1479–1505. doi:10.1007/s10902-012-9391-x.
- Sent, E.-M., Kroese, A.L., 2020. Commemorating Geert Hofstede, a pioneer in the study of culture and institutions. *J. Institutional Econ.* 1–13.
- Skarbak, E.C., 2016. Aid, ethics, and the Samaritan's dilemma: strategic courage in constitutional entrepreneurship. *J. Institutional Econ.* 12 (2), 371–393. doi:10.1017/S1744137415000296.
- Smith, A., 1981. *An inquiry into the nature and causes of the wealth of nations*. Liberty Classics, Indianapolis.
- Smith, A. (1982). *The theory of moral sentiments*. (D. D. Raphael & A. L. Macfie, Eds.). Indianapolis: Liberty Classics.
- Smith, V.L., Wilson, B.J., 2019. *Humanomics: Moral sentiments and the wealth of nations for the twenty-first century*. Cambridge University Press, New York.
- Storr, V.H., 2004. *Enterprising slaves & master pirates: Understanding economic life in the bahamas*. Peter Lang.
- Storr, V.H., 2013. *Understanding the culture of markets*. Routledge, New York.
- Storr, V.H., 2014. Why culture in economics? *Rev. Austrian Econ.* 27 (4), 495–503. doi:10.1007/s11138-014-0284-6.
- Storr, V.H., 2015. *Understanding the culture of markets (First issued in paperback.)*. Routledge, London.
- Storr, V.H., Choi, G., 2019. *Do markets corrupt our morals?*. Palgrave Macmillan.
- Storr, V.H., John, A., 2020. *Cultural considerations within Austrian economics*. Cambridge University Press, New York.
- Sugden, R., 1982. On the economics of philanthropy. *Econ. J.* 92 (366), 341. doi:10.2307/2232444.
- Tabellini, G., 2008. Institutions and culture. *J. Eur. Econ. Associat.* 6 (2–3), 255–294.
- Teague, M.V., Storr, V.H., Fike, R., 2020. Economic freedom and materialism: an empirical analysis. *Constitutional Political Econ.* 1–44.
- Thornhill, R., Fincher, C.L., Aran, D., 2009. Parasites, democratization, and the liberalization of values across contemporary countries. *Biol. Rev.* 84 (1), 113–131.
- Trantidis, A., Cowen, N., 2019. Hayek versus Trump: the radical right's road to serfdom. *Polity*.
- Triandis, H., 1988. Collectivism v. individualism: a reconceptualisation of a basic concept in cross-cultural social psychology. In: Verma, G.K., Bagley, C. (Eds.), *Cross-cultural studies of personality, attitudes and cognition*. Springer, pp. 60–95.
- Tsai, L.L., 2007. *Accountability without democracy: solidary groups and public goods provision in rural China*. Cambridge University Press.
- Vanberg, V.J., 2004. *The Freiburg school: Walter Eucken and ordoliberalism*. Freiburger Diskussionspapiere zur Ordnungsökonomik.
- Weber, M., 2001. *The Protestant ethic and the spirit of capitalism*. Routledge, London; New York.
- Weingast, B.R., 2017. Adam Smith's theory of violence and the political economics of development. In: Lamoreaux, N.R., Wallis, J.J. (Eds.), *Organizations, civil society, and the roots of development*. University of Chicago Press, Chicago, pp. 51–81.
- Williamson, C.R., 2009. Informal institutions rule: Institutional arrangements and economic performance. *Public Choice* 139 (3–4), 371–387.
- Williamson, C.R., Kerekes, C.B., 2011. Securing private property: formal versus informal institutions. *J. Law Econ.* 54 (3), 537–572.
- Williamson, C.R., Mathers, R.L., 2011. Economic freedom, culture, and growth. *Public Choice* 148 (3–4), 313–335.
- Wu, B.-P., Chang, L., 2012. The social impact of pathogen threat: How disease salience influences conformity. *Personal. Individual Diff.* 53 (1), 50–54.